

111TH CONGRESS
1ST SESSION

S. 677

To amend title XVIII of the Social Security Act to require wealthy beneficiaries to pay a greater share of their premiums under the Medicare prescription drug program.

IN THE SENATE OF THE UNITED STATES

MARCH 24, 2009

Mr. ENSIGN (for himself, Mrs. FEINSTEIN, Mr. GRASSLEY, Mr. GREGG, Mr. GRAHAM, and Mr. COBURN) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend title XVIII of the Social Security Act to require wealthy beneficiaries to pay a greater share of their premiums under the Medicare prescription drug program.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Reforming an Entitle-
5 ment through Premium Adjustments based on Income Re-
6 sources (REPAIR) Act of 2009”.

1 **SEC. 2. INCOME-RELATED REDUCTION IN PART D PREMIUM**
 2 **SUBSIDY.**

3 (a) INCOME-RELATED REDUCTION IN PART D PRE-
 4 MIUM SUBSIDY.—

5 (1) IN GENERAL.—Section 1860D–13(a) of the
 6 Social Security Act (42 U.S.C. 1395w–113(a)) is
 7 amended by adding at the end the following new
 8 paragraph:

9 “(7) REDUCTION IN PREMIUM SUBSIDY BASED
 10 ON INCOME.—

11 “(A) IN GENERAL.—In the case of an indi-
 12 vidual whose modified adjusted gross income
 13 exceeds the threshold amount applicable under
 14 paragraph (2) of section 1839(i) (including ap-
 15 plication of paragraph (5) of such section) for
 16 the calendar year, the monthly amount of the
 17 premium subsidy applicable to the premium
 18 under this section for a month after December
 19 2009 shall be reduced (and the monthly bene-
 20 ficiary premium shall be increased) by the
 21 monthly adjustment amount specified in sub-
 22 paragraph (B).

23 “(B) MONTHLY ADJUSTMENT AMOUNT.—
 24 The monthly adjustment amount specified in
 25 this subparagraph for an individual for a month
 26 in a year is equal to the product of—

1 “(i) the quotient obtained by divid-
2 ing—

3 “(I) the applicable percentage de-
4 termined under paragraph (3)(C) of
5 section 1839(i) (including application
6 of paragraph (5) of such section) for
7 the individual for the calendar year
8 reduced by 25.5 percent; by

9 “(II) 25.5 percent; and

10 “(ii) the base beneficiary premium (as
11 computed under paragraph (2)).

12 “(C) MODIFIED ADJUSTED GROSS IN-
13 COME.—For purposes of this paragraph, the
14 term ‘modified adjusted gross income’ has the
15 meaning given such term in subparagraph (A)
16 of section 1839(i)(4), determined for the tax-
17 able year applicable under subparagraphs (B)
18 and (C) of such section.

19 “(D) DETERMINATION BY COMMISSIONER
20 OF SOCIAL SECURITY.—The Commissioner of
21 Social Security shall make any determination
22 necessary to carry out the income-related reduc-
23 tion in premium subsidy under this paragraph.

1 “(E) PROCEDURES TO ASSURE CORRECT
2 INCOME-RELATED REDUCTION IN PREMIUM
3 SUBSIDY.—

4 “(i) DISCLOSURE OF BASE BENE-
5 FICIARY PREMIUM.—Not later than Sep-
6 tember 15 of each year beginning with
7 2009, the Secretary shall disclose to the
8 Commissioner of Social Security the
9 amount of the base beneficiary premium
10 (as computed under paragraph (2)) for the
11 purpose of carrying out the income-related
12 reduction in premium subsidy under this
13 paragraph with respect to the following
14 year.

15 “(ii) ADDITIONAL DISCLOSURE.—Not
16 later than October 15 of each year begin-
17 ning with 2009, the Secretary shall dis-
18 close to the Commissioner of Social Secu-
19 rity the following information for the pur-
20 pose of carrying out the income-related re-
21 duction in premium subsidy under this
22 paragraph with respect to the following
23 year:

24 “(I) The modified adjusted gross
25 income threshold applicable under

1 paragraph (2) of section 1839(i) (in-
2 cluding application of paragraph (5)
3 of such section).

4 “(II) The applicable percentage
5 determined under paragraph (3)(C) of
6 section 1839(i) (including application
7 of paragraph (5) of such section).

8 “(III) The monthly adjustment
9 amount specified in subparagraph
10 (B).

11 “(IV) Any other information the
12 Commissioner of Social Security de-
13 termines necessary to carry out the
14 income-related reduction in premium
15 subsidy under this paragraph.

16 “(F) RULE OF CONSTRUCTION.—The for-
17 mula used to determine the monthly adjustment
18 amount specified under subparagraph (B) shall
19 only be used for the purpose of determining
20 such monthly adjustment amount under such
21 subparagraph.”.

22 (2) COLLECTION OF MONTHLY ADJUSTMENT
23 AMOUNT.—Section 1860D–13(c) of the Social Secu-
24 rity Act (42 U.S.C. 1395w–113(c)) is amended—

1 (A) in paragraph (1), by striking “(2) and
2 (3)” and inserting “(2), (3), and (4)”; and

3 (B) by adding at the end the following new
4 paragraph:

5 “(4) COLLECTION OF MONTHLY ADJUSTMENT
6 AMOUNT.—

7 “(A) IN GENERAL.—Notwithstanding any
8 provision of this subsection or section
9 1854(d)(2), subject to subparagraph (B), the
10 amount of the income-related reduction in pre-
11 mium subsidy for an individual for a month (as
12 determined under subsection (a)(7)) shall be
13 paid through withholding from benefit pay-
14 ments in the manner provided under section
15 1840.

16 “(B) AGREEMENTS.—In the case where
17 the monthly benefit payments of an individual
18 that are withheld under subparagraph (A) are
19 insufficient to pay the amount described in such
20 subparagraph, the Commissioner of Social Se-
21 curity shall enter into agreements with the Sec-
22 retary, the Director of the Office of Personnel
23 Management, and the Railroad Retirement
24 Board as necessary in order to allow other
25 agencies to collect the amount described in sub-

1 paragraph (A) that was not withheld under
2 such subparagraph.”.

3 (b) CONFORMING AMENDMENTS.—

4 (1) MEDICARE.—Part D of title XVIII of the
5 Social Security Act (42 U.S.C. 1395w–101 et seq.)
6 is amended—

7 (A) in section 1860D–13(a)(1)—

8 (i) by redesignating subparagraph (F)
9 as subparagraph (G);

10 (ii) in subparagraph (G), as redesign-
11 nated by subparagraph (A), by striking
12 “(D) and (E)” and inserting “(D), (E),
13 and (F)”; and

14 (iii) by inserting after subparagraph
15 (E) the following new subparagraph:

16 “(F) INCREASE BASED ON INCOME.—The
17 monthly beneficiary premium shall be increased
18 pursuant to paragraph (7).”; and

19 (B) in section 1860D–15(a)(1)(B), by
20 striking “paragraph (1)(B)” and inserting
21 “paragraphs (1)(B) and (1)(F)”.

22 (2) INTERNAL REVENUE CODE.—Section
23 6103(l)(20) of the Internal Revenue Code of 1986
24 (relating to disclosure of return information to carry

1 out Medicare part B premium subsidy adjustment)
 2 is amended—

3 (A) in the heading, by striking “PART B
 4 PREMIUM SUBSIDY ADJUSTMENT” and inserting
 5 “PARTS B AND D PREMIUM SUBSIDY ADJUST-
 6 MENTS”;

7 (B) in subparagraph (A)—

8 (i) in the matter preceding clause (i),
 9 by inserting “or 1860D–13(a)(7)” after
 10 “1839(i)”; and

11 (ii) in clause (vii), by inserting after
 12 “subsection (i) of such section” the fol-
 13 lowing: “or under section 1860D–13(a)(7)
 14 of such Act”;

15 (C) in subparagraph (B)—

16 (i) by inserting “or such section
 17 1860D–13(a)(7)” before the period at the
 18 end;

19 (ii) as amended by clause (i), by in-
 20 serting “or for the purpose of resolving tax
 21 payer appeals with respect to any such pre-
 22 mium adjustment” before the period at the
 23 end; and

24 (iii) by adding at the end the fol-
 25 lowing new sentence: “Officers, employees,

1 and contractors of the Social Security Ad-
2 ministration may disclose such return in-
3 formation to officers, employees, and con-
4 tractors of the Department of Health and
5 Human Services, the Office of Personnel
6 Management, the Railroad Retirement
7 Board, the Department of Justice, and the
8 courts of the United States to the extent
9 necessary to carry out the purposes de-
10 scribed in the preceding sentence.”; and

11 (D) by adding at the end the following new
12 subparagraph:

13 “(C) TIMING OF DISCLOSURE.—Return in-
14 formation shall be disclosed to officers, employ-
15 ees, and contractors of the Social Security Ad-
16 ministration under subparagraph (A) not later
17 than the date that is 90 days prior to the date
18 on which the taxpayer first becomes entitled to
19 benefits under part A of title XVIII of the So-
20 cial Security Act or eligible to enroll for benefits
21 under part B of such title.”.

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